ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

PUBLISHED BY . . . .
BUREAU OF ECONOMIC AND BUSINESS RESEARCH
COLLEGE OF COMMERCE · UNIVERSITY OF ILLINOIS

VOLUME XVI | DECEMBER, 1959 | NUMBER 11

THE UNIVERSITY OF CHICAGO LIBRARY JAN 4 1960 R. R.

HIGHLIGHTS OF BUSINESS IN NOVEMBER

The end of the steel strike was followed by an unexpectedly rapid restoration of production in that industry, but November industrial output as a whole was still restricted by steel shortages. Automobile production fell to 254,000 units, 50 percent below October. Sales of new American-made cars dropped to an estimated 375,000, well under October's 527,000 units.

Unemployment rose less than seasonally to 3,670,000, bringing the adjusted rate down to 5.6 percent of the labor force. Although the latest rise is due mainly to shutdowns forced by the steel strike, November marks two full years in which the rate has been 4.9 percent or more.

Farm Prices Down

During the month ended November 15, the index of prices received by farmers dropped 2 percent to 230 (1910-14 = 100). The index was 7 percent below a year earlier and the lowest since March, 1957. It was 27 percent below the record high of 313 reached in February, 1951.

Higher prices of family living items raised the index of prices paid by farmers for commodities and services 1 point, to 297, a new November high close to the record of 299 (April and May, 1959). The two opposing movements pushed the parity ratio down 2 points to 77, a nineteen-year low.

Business Sales Off

Despite a $500 million increase in retail sales, largely as a result of a spurt in auto purchases, total manufacturing and trade sales fell $500 million to $59.6 billion in October on a seasonally adjusted basis. Both manufacturers and wholesalers experienced sales declines of $500 million, with most of the reduction in each case occurring in nondurables. Sales by manufacturers totaled $29.3 billion, those of wholesalers $12.0 billion, and retail sales $18.3 billion.

Inventories also dropped $500 million, to $88.7 billion, all of the cut coming in manufacturers' durables; their stocks of nondurables rose $100 million. Retail stocks were steady at $24.8 billion and those of wholesalers stayed at $12.5 billion.

Construction Down Further

In October the value of new construction put in place fell to $4.8 billion, 5 percent below September. In terms of the seasonally adjusted annual rate the October figure amounted to $51.2 billion, off $1.9 billion from the preceding month. Some of the decline was attributed to shortages of steel resulting from the strike, but other factors, such as higher interest rates, contributed to it.

Private construction slipped 5 percent to $3.4 billion in October, with both residential and other private building sharing in the decline. Public construction was off 7 percent to $1.4 billion.

After adjustment for changes in construction costs, the first nine months of 1959 show a gain in building volume of 13 percent over the corresponding 1958 period. However, private residential construction was up 26 percent, whereas other private construction fell 1 percent.

Contract awards in October were below year-earlier figures for the third consecutive month, but the total of $3.1 billion was slightly higher than September.

Borrowing by Consumers Still High

Consumers added $608 million to their short- and intermediate-term debt in October, on a seasonally adjusted basis. This raised the total outstanding to $49.9 billion, 14 percent above the year-earlier total. Instalment debt accounted for $512 million of the October increase, bringing the total of this type to $38.4 billion. An addition of $278 million to outstanding automobile paper was the major factor in this gain, but other consumer goods paper, personal loans, and loans for repairs and modernization also advanced. Small increases in all three types of noninstalment debt — single-payment loans, charge accounts, and service credit — raised the total outstanding $96 million on an adjusted basis.

Record Bill Rate

The interest rate on 91-day Treasury bills rose to 4.501 percent on the last weekly issue in November, the highest rate in history. The increase from a rate of 4.279 percent in the preceding week followed a $2 billion sale of 320-day bills at 4.860 percent, the highest rate the Treasury has had to pay since 1929 on an issue maturing in less than a year. The absorption of $2 billion in short-term funds by the sale of the 320-day bills undoubtedly contributed to the record rate for the 91-day issue, as did perhaps the renewal of inventory accumulation with the end of the steel strike. Basically, however, the high rates reflect the current tight money policy.

GOVERNMENT AND THE STEEL STRIKE · · · By W. E. Chalmers · · · Page 8

ILLINOIS BUSINESS REVIEW

Monthly except July-August when bimonthly

BUREAU OF ECONOMIC AND BUSINESS RESEARCH
UNIVERSITY OF ILLINOIS

Box 658, Station A, Champaign, Illinois

The material appearing in the *Illinois Business Review* is derived from various primary sources and compiled by the Bureau of Economic and Business Research. Its chief purpose is to provide businessmen of the State and other interested persons with current information on business conditions. Signed articles represent the personal views of the authors and not necessarily those of the University or the College of Commerce. The *Review* will be sent free on request.

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Forecast for 1960

The steel strike lasted long enough to cut deeply into inventories and create moderate backlogs of demand for durable goods. The steel and auto industries are leading a vigorous rebound from the strike lows, and barring a new shutdown the economy seems likely to achieve new highs in the early part of 1960. Agreement on this is so general that the only significant aspect of current forecasts concerns the period beyond the middle of 1960.

The consensus among forecasters is that the advance will continue throughout the year. The standard view holds that the economy was in a strong upsurge prior to the strike, that the strike interrupted this upward movement temporarily, and that progress toward higher prosperity will now be resumed. Unfortunately, this view incorporates a number of misinterpretations and assumptions which cannot stand critical analysis.

Some Misconceptions

First, it is not true that just prior to the strike the economy was in a strong upsurge of a continuing character. The advance in early 1959 was dominated by short-term cyclical factors, namely, inventory accumulation and consumer credit expansion. These two contributed over half of the $50 billion increase in gross national product from the second quarter of 1958 to the second quarter of 1959. The swing in nonfarm inventories from $-8 billion to $10 billion was most important; adding the consumer-credit swing from $-2 billion to $6 billion brings the total contribution of these two factors to $26 billion. The second-quarter highs in these two factors dominated the short-term outlook at midyear. Strike or no strike, there was little chance that these rates could be sustained.

From a longer-term point of view, the prospect could not be considered much better. Real gross national product in 1954 dollars had advanced only $21 billion from the 1957 high, a 5 percent gain over two years. Again, however, $12 billion, or over half, was contributed by the same temporary factors. Adjusting for the temporary excess in these, the rate of increase was less than 2 percent per year. This lack of normal growth was reflected in increased unemployment, and in all probability, a decline in activity from the high second-quarter rate would have occurred even in the absence of a strike. The need for at least a temporary adjustment is shown by the recent production cutbacks in the aluminum industry in order to halt accumulation based on a strike threat. A similar decline in steel would have made for a quite different consensus on the outlook at this time. It seems clear that the strike has done more to sustain optimism than to improve actual economic prospects.

Another popular fallacy, endlessly repeated, blames every sign of weakness on the strike. Actually, the strike has had only minor over-all effects; the impressive thing about the third-quarter data, the latest available, is how little the strike affected activity anywhere but in the industries directly related to steel. There can be no doubt that the economy was holding a tremendous stockpile of steel at midyear. Curtailments in steel-using industries did not become significant until the second week in October. After the pinch became tighter, deficits accumulated, mounting to the equivalent of, say, six weeks' supply.

Many parts of the economy were not affected by the steel strike. If the official inventory data are reasonably accurate, they suggest an increase in inventory accumulation in other lines. Thus, steel accumulation in the second quarter may be roughly estimated at a rate of $4 billion out of the over-all $10 billion; in the third quarter decreases in steel stocks may be "guesstimated" at a rate of $9 billion out of an over-all decrease of $2 billion; this would imply an increase in accumulation of other inventories from a rate of $6 billion to $7 billion. Furthermore, consumer credit expansion rose from a rate of $6 billion to $7 billion in the third quarter. In other words, non-steel cyclical components in the economy continued to run as strong as the prevailing optimism could make them.

Looking ahead, nobody has been able to advance any good reason why segments not affected by the steel strike should "rebound" after its end. On the contrary, to the extent that any of these have been running at rates above those sustainable over a long period, their prospective changes are likely to be moderating rather than reinforcing.

In steel, there seems to be sufficient demand to force near-capacity operations until next June; but after that, production will have to drop back to the level of current demand. In most steel-consuming industries, such as autos and machinery, some demand has been shifted out of 1959 and into 1960. The shutdowns were not prolonged, however, and the periods required for catching up will be correspondingly short. The auto industry, for example, is scheduling first-quarter production at a rate of 9 million cars; if sales run at a rate of 7 million, normal inventories will be restored within the quarter and production will have to be cut back in the second quarter. Other industries may require longer periods for making up deficits, but this source of demand is not likely to be significant beyond mid-1960.

It may be concluded, therefore, that the upsurge now under way will neither be so strong nor so prolonged as is generally expected. The rebound will be limited to a group of specific industries and in the total will be partly offset by declines in other industries, as, for example, in residential construction. After the rebound has run its course, tendencies toward over-all weakness will again develop.

The First Half of 1960

Since developments after the middle of 1960 depend to a large extent upon how much activity will increase during the rebound, a forecast for the year may appropriately analyze the two halves separately. The following deals mainly with projections of gross national prod-

(Continued on page 6)

STRUCTURAL CLAY PRODUCTS

Although carried on for thousands of years, the manufacture of clay products did not change significantly until about a century ago, when technology revolutionized its operations. Until then, production had been relatively small, with output largely confined to the needs of the producing community.

Commercial production of structural clay products is believed to have begun in the United States about 1630, when the settlements became large enough to support professional artisans. The introduction of machines in the middle 1800's led to a mushrooming of the industry. By the end of the nineteenth century, the United States led world production in clay products, and this leading position has been further strengthened during the present century by the construction needs of a growing population and by the discovery of widespread deposits of suitably located raw materials and fuel supplies, which are essential for the mass production of clay products.

Scope of the Industry

The structural clay products industry manufactures approximately 40 types of clay products, all of which are used in construction or engineering work. Most of the production, however, is in six major clay products which account for nearly three-fourths of the total value of output. These products and their approximate percentages of total value of shipments are: building and facing bricks (33 percent), glazed floor and wall tiling (12 percent), vitrified sewer pipe and fittings (12 percent), fire clay brick (9 percent), facing tile (4 percent), and drain tile (3 percent). In all, total shipments of the industry last year were valued at about $600 million.

This is an industry consisting principally of medium-sized plants. There are very few large factories — only seven of the 1,060 establishments have more than 500 employees. The average employment per plant is about 80 workers, although labor requirements vary with the kind of product made. Because of the heavy raw materials and expensive machinery necessary for the manufacture of most structural clay products, there are few of the very small establishments found in most manufacturing industries. Only 110 of the 1,060 plants employ less than six persons.

Almost all of these plants quarry their own clay or purchase from nearby mines. In 1957, for example, the *Minerals Yearbook* reports that nearly 99 percent of the common clay used was captive tonnage for the manufacture of construction clay products. Common clay is the material preferred for structural clays chiefly because of its economy and high rigidity.

Method of Manufacture

There are a number of processes used today in the making of clay products, but the "stiff mud" process is the most widely utilized. It begins with the adding of water to clay or finely ground shale by means of a churning machine ("pugmill") until a plastic-like mass is obtained. The "mud" then is automatically or manually molded into the proper shape, depending upon the product. Bricks and sewer pipe, for example, are squeezed through a die into columns which are mechanically severed to the desired lengths. Terra cotta, on the other hand, is a product that requires hand-molding. Three or four days of artificial or natural drying of the clay is then necessary before "burning" the product for another four days in a tunnel kiln — an elongated, rectangular-shaped oven. Tunnel kilns have tracks upon which flat-cars stacked with the "green" products are slowly rolled through at varying temperature levels.

Fuels are a major cost element in the industry. The *Census of Manufactures* reveals that fuels accounted for more than 30 percent of the total material expenditures for structural clay production in 1954. The proportion of fuel to total costs was highest in brick plants (45 percent), followed by sewer pipes (42 percent), refractories (16 percent), and floor and wall tiling (7 percent).

An Old Illinois Industry

The commercial clay products industry began here soon after Illinois was granted statehood, when a number of small communities began to spring up. The abundant clay deposits were used for building purposes in the absence of suitable stone. The structural clay products industry grew quickly and soon surpassed pottery production. Drainage of crop land, another important problem on the Illinois prairie, was facilitated by clay tiling. Early tile production was centered in Kankakee County, where natural drainage was extremely poor. Manufacture has spread to other, scattered, glaciated areas of the State, where drainage is inadequate.

Although Illinois manufactures a relatively large variety of structural clay products, its principal activity in this field is in brickmaking. Its brick plants, which make facing, common, and refractory bricks, account for more than half of the state's 50 structural clay products factories. In addition, most of these establishments also produce other clay products, such as drain tile, hollow tile, terra cotta, roofing tile, and flue linings. Although Illinois is a leading brickmaking state, its production has been declining rapidly since 1954; between 1954 and 1958 the State dropped from second to fifth place as production slowed from 638 million to 451 million bricks. A similar decline has taken place during this period, however, in most brickmaking states of the Midwest and Middle Atlantic regions.

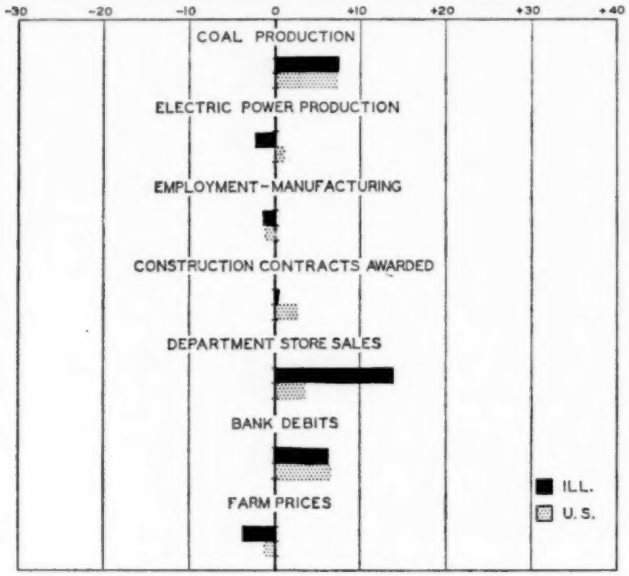
Structural clay manufactures in Illinois last year were valued at an estimated $30 million, or about 58 percent of all clay products produced in the State. Of this total, brick products accounted for 47 percent, followed by refractories (35 percent), drain and sewer tile (12 percent), structural tile (2 percent), and other clay products (4 percent).

The decline in brick production in Illinois during recent years has been offset by increased output in most other structural clay products. Moreover, the over-all industry is likely to remain strong in the State because of the widespread clay deposits and because of construction demands in one of the nation's most populous states.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS

Percentage changes September, 1959, to October, 1959



ILLINOIS BUSINESS INDEXES

Item	Oct. 1959 (1947-49 =100)	Percentage change from Sept. 1959	Percentage change from Oct. 1958
Electric power[1]	222.0	−2.5	− 3.9
Coal production[2]	89.3	+7.5	+ 0.5
Employment—manufacturing[3]	100.9[a]	−1.5	+ 2.4
Weekly earnings—manufacturing[3]	167.9[a, b]	−0.1	+ 3.8
Dept. store sales in Chicago[4]	126.0[c]	+3.3	+ 5.9
Consumer prices in Chicago[5]	129.3	+0.1	+ 1.6
Construction contracts awarded[6]	385.6	+0.5	+22.9
Bank debits[7]	207.4	+6.4	+ 2.9
Farm prices[8]	76.0	−3.8	−10.6
Life insurance sales (ordinary)[9]	287.0	+3.8	− 9.0
Petroleum production[10]	121.7	+1.5	− 1.9

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U. S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] Revised series. [b] Data are for September, 1959; comparisons relate to August, 1959, and September, 1958. [c] Seasonally adjusted.

UNITED STATES MONTHLY INDEXES

Item	Oct. 1959	Percentage change from Sept. 1959	Percentage change from Oct. 1958
	Annual rate in billion $		
Personal income[1]	381.9[a]	+ 0.3	+ 4.8
Manufacturing[1]			
Sales	350.4[a]	− 1.7	+ 7.4
Inventories	51.4[a, b]	− 1.0	+ 4.3
New construction activity[1]			
Private residential	24.3	− 3.8	+13.1
Private nonresidential	16.7	− 3.2	+ 0.1
Total public	16.5	− 7.1	−12.9
Foreign trade[1]			
Merchandise exports	17.7[c]	+ 5.9	+ 8.7
Merchandise imports	16.7[c]	+17.0	+29.6
Excess of exports	1.0[c]	−57.9	−69.6
Consumer credit outstanding[2]			
Total credit	49.9[b]	+ 3.1	+15.5
Instalment credit	38.4[b]	+ 2.5	+16.2
Business loans[2]	30.4[b]	+ 0.1	n.a.
Cash farm income[3]	38.9[c]	+25.9	−17.2
	Indexes (1947-49 =100)		
Industrial production[2]			
Combined index	148[a]	− 0.7	+ 7.2
Durable manufactures	157[a]	− 0.6	+ 7.5
Nondurable manufactures	146[a]	− 0.7	+ 9.0
Minerals	117[a]	+ 0.9	− 4.1
Manufacturing employment[4]			
Production workers	97	− 1.2	− 4.1
Factory worker earnings[4]			
Average hours worked	101	0.0	+ 1.3
Average hourly earnings	166	− 0.5	+ 3.3
Average weekly earnings	168	− 0.5	+ 4.6
Construction contracts awarded[5]	316	+ 2.5	− 5.3
Department store sales[2]	144[a]	+ 0.7	+ 6.7
Consumer price index[4]	126	+ 0.2	+ 1.4
Wholesale prices[4]			
All commodities	119	− 0.4	+ 0.2
Farm products	86	− 2.7	− 6.3
Foods	106	− 1.3	− 3.3
Other	128	+ 0.1	+ 1.7
Farm prices[3]			
Received by farmers	87	− 1.1	− 5.4
Paid by farmers	118	− 0.8	0.0
Parity ratio	79[d]	− 1.2	− 7.1

[1] U. S. Dept. of Commerce; [2] Federal Reserve Board; [3] U. S. Dept. of Agriculture; [4] U. S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] As of end of month. [c] Data are for September, 1959; comparisons relate to August, 1959, and September, 1958. [d] Based on official indexes, 1910-14 = 100. n.a. Not available.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1959 Nov. 28	1959 Nov. 21	1959 Nov. 14	1959 Nov. 7	1959 Oct. 31	1958 Nov. 29
Production:						
Bituminous coal (daily avg.) thous. of short tons	1,600	1,571	1,528	1,279	1,323	1,553
Electric power by utilities mil. of kw-hr.	13,173	13,812	13,270	13,019	12,978	12,274
Motor vehicles (Wards) number in thous.	56	80	76	76	118	144
Petroleum (daily avg.) thous. bbl.	6,969	6,935	6,876	6,899	6,887	6,983
Steel 1947-49=100	147	130	75	21	21	115
Freight carloadings thous. of cars	574	629	638	561	588	539
Department store sales 1947-49=100	176	182	167	155	145	171
Commodity prices, wholesale:						
All commodities 1947-49=100	119.0	118.9	119.2	119.2	119.3	119.2[a]
Other than farm products and foods 1947-49=100	128.7	128.6	128.7	128.6	128.6	126.8[a]
22 commodities 1947-49=100	84.9	85.2	86.1	86.6	86.9	87.9
Finance:						
Business loans mil. of dol.	29,901	29,912	29,727	29,687	29,516	n.a.
Failures, industrial and commercial number	268	287	285	265	273	244

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for November, 1958. n.a. Not available.

RECENT ECONOMIC CHANGES

Business Capital Outlays

Results of the latest survey conducted by the Department of Commerce and the Securities and Exchange Commission indicate that businessmen have adjusted their capital expenditure plans downward for the final quarter of the year, reflecting for the most part the effects of the steel strike. Businessmen now expect to spend $32.6 billion for plant and equipment this year, about $700 million less than they estimated in the previous survey three months ago. If these plans are fully realized, capital expenditures in 1959 will be about 7 percent above last year's outlays of $30.5 billion, but still well below the record $37 billion spent in 1957.

The agencies also reported that actual third quarter outlays, at an annual rate of $33.5 billion, were about $800 million less than had been planned. For the fourth quarter the adjusted annual rate of anticipated spending was reduced to $34 billion from previous estimates of $35.3 billion. Programs for the first three months of 1960 indicated a $34.5 billion spending rate. Most of the reductions in actual and planned spending from previously anticipated levels in the third and fourth quarters resulted from lower expenditures by durable goods manufacturers, particularly the iron and steel industry.

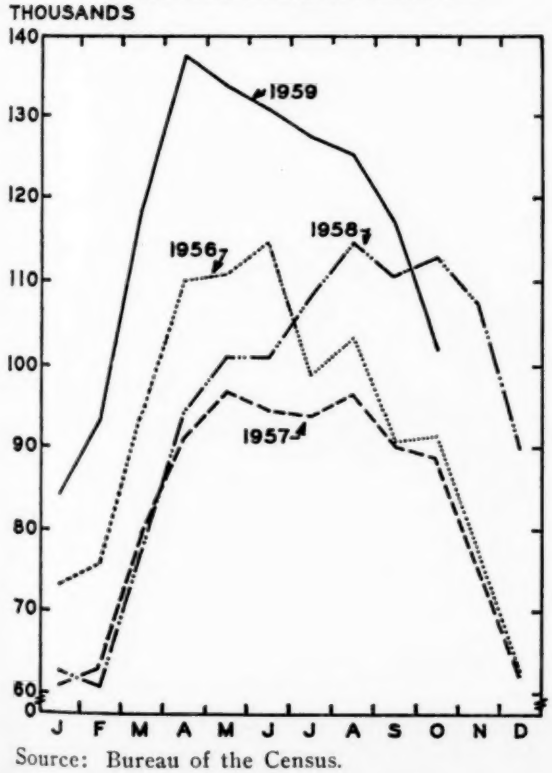
Housing Starts

The number of nonfarm housing starts dropped sharply in October to 105,100 units, according to preliminary estimates made by the Department of Commerce. The agency attributed much of the decline to the tight supply of mortgage money. For the first ten months, the number of new dwelling units started totaled 1,202,000, about 19 percent above the total for the same period last year.

Starts of privately owned dwelling units in October were almost 15,000 units, or 13 percent, below the previous month's level. The decline to 102,100 private units in October also marked the first time this year that private housing starts had fallen below year-ago levels (see chart). The latest drop also represented the sixth consecutive month of decline in the number of new starts since the peak of 137,400 was reached in April.

On a seasonally adjusted basis, private housing starts in October were at an annual rate of 1,180,000 units, down 11 percent from September. When averaged for the first ten months, the seasonally adjusted annual rate of private starts in 1959 amounted to 1,356,000, compared with 1,089,000 units for the same period in 1958.

NONFARM HOUSING STARTS



Source: Bureau of the Census.

School Enrollment

Enrollments in regular schools and colleges in the United States have advanced almost 47 percent since 1950, according to the results of a survey conducted by the Census Bureau in October, 1959. The continued expansion has pushed enrollment up to 44.4 million persons this fall, compared with 42.9 million in the fall of 1958 and only 30.3 million in the same period in 1950. More than half of the increase has come since 1954. Total enrollment for 1959 amounted to 55.5 percent of the total number of persons between 5 and 34 years of age.

College and professional school enrollment this fall amounted to 3.3 million students, of whom about 75 percent were on full-time schedules. In 1954 enrollment at the college and professional level was about 1 million less. At other levels the current enrollment figures were placed at 2 million for kindergarten, 29.4 million in the elementary grades, and 9.6 million in the high schools.

Personal Income Up

A gain of $1 billion raised personal income to $381.9 billion in October, only $1.5 billion below the July peak. Increases of $300 million each in personal interest income and transfer payments and $500 million in proprietors' income more than offset a $200 million decline in wage and salary disbursements. The latter, at $259 billion, were off about 1 percent from their peak in June, although wage and salary income in the distributive and service industries and in government continued to increase. Wage and salary disbursements in the commodity-producing industries were down $4.7 billion from their high in June and July, mainly reflecting the steel strike.

Unemployment

The number of jobless rose 398,000 in November to a near-record postwar high for the month of 3.7 million. Only the November, 1958, level of 3.8 million unemployed surpassed last month's figure. The latest advance was due primarily to continuing layoffs in steel-using industries, although seasonal cutbacks in construction also contributed. The November increase did not match the seasonal rise of 700,000 usually expected for the month, and the seasonally adjusted rate of unemployment declined to 5.6 percent. However, employment suffered a more than seasonal drop, falling 1.2 million during the month.

Labor Department data, in thousands of workers, are as follows:

	Nov. 1959	*Oct. 1959*	*Nov. 1958*
Civilian labor force	69,310	70,103	68,485
Employment	65,640	66,831	64,653
Agricultural	5,601	6,124	5,695
Nonagricultural	60,040	60,707	58,958
Unemployment	3,670	3,272	3,833
Seasonally adjusted rate	5.6	6.0	5.9

Forecast for 1960

(Continued from page 2)

uct components, in constant dollar terms, to the second and fourth quarters of 1960. As a basis for doing this, it is assumed that there will be no further disturbances, on either the labor or the international front. (The specific figures for various items projected cannot be included here; the reader who is interested may obtain them in mimeographed form on request.)

As a first step, the factors making for short-term instability must be considered. Nonfarm inventories are sure to swing back to large-scale accumulation in the months ahead. In steel, the peak accumulation rate is likely to be a billion or so lower than last spring, initially because of capacity limits and later because of reduced needs. Other inventory rates may be expected to fall back somewhat from the recent high, but accumulation may continue, perhaps at a rate of $4 billion. This would make a combined total of $7 billion in the second quarter, or $3 billion less than the high 1959 rate.

Consumer credit will continue to rise, possibly at as high a rate as last spring. Auto sales are likely to be somewhat higher, with a second-quarter rate close to 7 million, as compared with 6.6 million in the second quarter of 1959. But average dollar realization will be lower on the compact cars and repayments will be higher, so that credit expansion may be near the same rate.

The net export balance may be expected to recover somewhat, since other world economies are expanding rapidly. For reasons cited last month, the balance may not swing all the way over to the plus side, but a gain of more than $1 billion is likely.

Government spending will continue to increase, but a small decline in federal purchases of goods and services may partly offset a larger increase in state and local purchases. The latter may be projected slightly below the $3 billion experienced in the last few years in view of the recent cutbacks in public construction. On the other hand, the federal Administration is committed to tight money and a budget surplus. It is devoted to the proposition that the only expenditures which can be permitted to rise are interest charges on the federal debt. Other spending is being held at this fiscal year's level in money terms, which means a slight decrease in real terms.

Residential construction is currently being depressed by a variety of factors, among which tight money stands out. Without new assistance to the housing market, the decline will probably continue. Even if Congress acts, recovery will lag, so that activity next spring will reflect the current decline in starts and may fall some 15 percent, or about $3.5 billion, from the 1959 high rate.

The brightest spot in the picture is business spending for new plant and equipment, with all the indicators pointing higher. The McGraw-Hill survey of business plans projects a 10 percent increase on an annual basis, and with some shifting from 1959 to 1960, this might be increased a little. Although this result does not represent an all-out boom, it should produce a total close to the 1957 peak, and a year-to-year gain of about $3.5 billion in the second quarter.

In the aggregate these changes are roughly offsetting and leave nonconsumption expenditures at roughly the same second-quarter level in 1960 as in 1959. Allowing for autonomous trend elements in consumption, especially in services, and for some carryover demand from late 1959, an increase of $5 billion may be projected over the year to the second quarter. This 1 percent increase would bring gross national product in third-quarter 1959 dollars to approximately $492 billion. If price increases are allowed for, they would add about $5 billion more. Thus, the half-trillion total of production in current dollars is likely to be closely approached, though there can be no assurance that this "magic number" will be exceeded.

The Last Half of 1960

More important than the level attained is the rate of growth implicit in this projection. An increase of 1 percent to the second quarter of 1960 continues the inadequate rate of growth prevailing since 1956. Unemployment will therefore tend to increase. Furthermore, over half of the increase in real gross product will be in consumer and government services. Since the bulk of business investment depends upon demand for commodities, this pattern of development spells the disappointment of current high expectations. How severe the reaction might be is difficult to estimate.

After midyear, declines in the short-term factors will tend to dominate the over-all movement. In the case of inventories, some excess will probably develop. It is not enough, therefore, to assume that accumulation will cease by the year-end; the decline will have to progress all the way into liquidation.

Fixed capital programs are slower moving and tend to lag. Business investment in the second half of the year will probably be higher than in the first half. There is nothing, however, to support current theories of ever-rising capital outlays, and a slight downward adjustment late in the year is probable.

As soon as the economy weakens, the tight money policy will be reversed, and the downward drift of real federal purchases will not only be halted but turned up. This may be offset in part, however, by a contrary movement in state and local spending.

Housing activity will be subject to diverse influences. If easier money proves to be the most potent influence, there may be some recovery. But other factors are important and the danger of a more serious collapse in a general downturn is at least as probable as any substantial recovery. Pending clarification, this activity may be treated as a relatively neutral factor.

Consumption will again be a stabilizing element in the over-all picture. With the support of the built-in stabilizers, it is bound to play this role in the early stages of any downturn. However, personal saving dropped to a very low level in relation to income in recent months, and it may continue low in early 1960 as a result of carryover spending, but it will tend to rise once the rebound period is past. This reversal will tend to be reinforced by the need to reduce the rate of credit expansion. Hence, in a new recession, consumption will probably keep more nearly in line with over-all activity than in early 1958.

In summary, a new recession is likely to set in after the middle of 1960. If business investment and housing hold relatively steady, it is not likely to progress very far within the year. Even if these activities are cut more sharply than expected, most of the over-all averages for 1960 will be higher than for 1959. Various contingencies add to uncertainty in the current situation, so that this picture could be changed drastically. Resumption of the steel strike, for example, would shift production into the second half and in all probability postpone any recession into 1961. Despite these uncertainties, it seems safe to conclude that it will not be wise to rely on the optimism now dominating the economy — even though the developments of the next few months may seem to be confirming its validity. VLB

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

State Tax Collections in 1959

Tax collections by state governments climbed to an all-time high of $15.8 billion in the fiscal year ending June 30, 1959. The Census Bureau, in its *Detail of State Tax Collections in 1959,* reported that the 1959 total was 6 percent above the total collected by state governments in the previous year. Some advance in tax revenue was reported for 46 states. Only Minnesota, Nebraska, and Oregon experienced declines. The largest relative increases (15 percent or more) occurred in Delaware, Maryland, Kansas, New Jersey, Massachusetts, and Arizona, while the largest dollar advances were reported by California (up $139 million) and New York (up $85 million). Tax collections in Illinois rose 1 percent from $735 million in fiscal 1958 to $742 million in 1959.

All major tax sources, with the exceptions of corporate net income and death and gift taxes, contributed to the over-all advance. The largest percentage gain, 20 percent, was recorded in revenue from taxes on gross premiums of insurance companies. The major source of state tax revenue, however, continues to be the general and selective sales and gross receipts taxes, which accounted for 59 percent of total tax revenue in 1959. This source brought in about $9.3 billion during fiscal 1959, a gain of 6 percent over 1958.

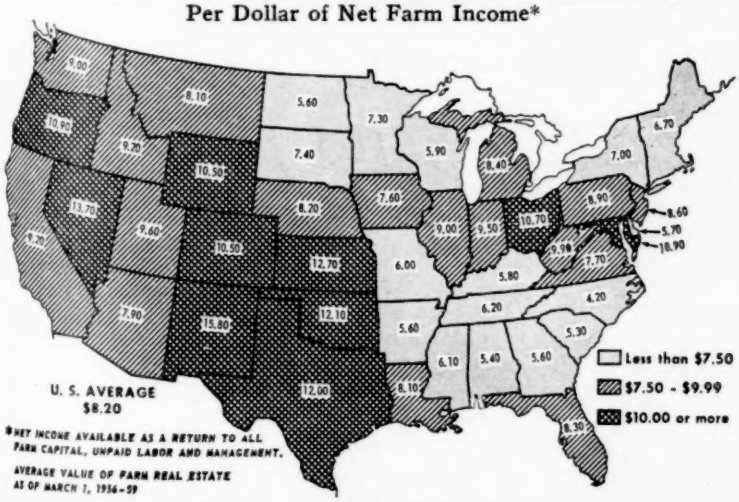
On a per capita basis state tax collections averaged $91.70 per person in 1959. Delaware, Washington, and Nevada, with averages over $145 per person, had the highest per capita state tax collections.

Farm Real Estate Investment

The average value of farm real estate per dollar of net farm income in the United States fell to $7.90 as of March 1, 1959, from the $8.20 average for 1955-58. Regional differences in the amount of real estate capital per dollar of income are illustrated in the accompanying chart. The ratio is twice as high in some states as in others. These variations result from differences in the relative proportions of real estate and non-real estate capital which are employed on the typical farm in different parts of the country. In some areas, however, particularly in such states as Ohio, West Virginia, and Maryland, nonagricultural factors, such as demand for land for industrial use, have tended to raise the ratio of land values to income by holding real estate values above the level that would be supported by farm income alone.

For the year ended July 1, 1959, market values of farm real estate in the United States rose 6 percent, pushing the Agriculture Department's index of average farm land value per acre up to a record high of 169 (1947-49 = 100). The estimated total value of all farm real estate rose to $126.6 billion, or an average of $109 per acre.

AVERAGE FARM REAL ESTATE INVESTMENT, 1955-59
Per Dollar of Net Farm Income*



Source: U. S. Department of Agriculture, *Farm Cost Situation,* November, 1959, p. 25.

Outlays for Maintenance and Repairs

Maintenance and repair expenditures for all types of construction declined slightly in 1958 to $17.7 billion, according to a report in the November issue of *Construction Review* published by the Department of Commerce. The drop of 1 percent from the record 1957 level of $17.9 billion reversed a continuing upward movement in the postwar period. Total maintenance and repair expenditures had climbed from about $12.0 billion in 1949 to the 1957 peak.

Expenditures for nonfarm residential buildings, the largest component, fell from $7.4 billion to $6.8 billion in 1958, an 8 percent drop which exceeded the decline in total spending for maintenance and repair. Outlays for other individual categories during 1958 showed contrasting movements. Maintenance for nonresidential buildings rose $350 million to $3.9 billion, and the value of highway repair work increased more than $100 million to $2.2 billion. On the other hand, railroad outlays fell from $1.5 billion to $1.3 billion during 1958.

Households With Telephones

According to the results of a sample survey conducted by the Census Bureau, the number of households in the United States which have telephone service amounts to 36.5 million, or 73 percent of the national total of 50.4 million households. The survey also indicates that the median income of households with telephones is about $5,300, more than double that of households without telephones, and, in general, the proportion of households with telephone service is greater in each successively higher income group.

As might be expected, the proportion of households with telephones is greatest in urban areas. The proportion of households in urban areas is about 79 percent, compared with 66 percent in rural nonfarm areas, and 49 percent in rural farm areas. However, within the Census Bureau's Standard Metropolitan Areas, the central cities have a somewhat lower percentage (78) than do other urban areas (85).

By geographical region, the Northeast, with 80 percent, the North Central, 78 percent, and the West, 76 percent, are all above the national average. In the South, only 58 percent of the households have telephones.

GOVERNMENT AND THE STEEL STRIKE

W. ELLISON CHALMERS, Professor of Economics
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The basic steel industry is operating today because a court order has temporarily prohibited the union from striking. The injunction, granted by the Supreme Court after the Steelworkers had been on strike for 114 days, is based on a finding of national emergency — that the strike imperils the "health and safety" of the country. A few days earlier, a similar injunction was granted in a longshore dispute following a one-day strike which tied up East Coast ports. Under the Taft-Hartley law, injunctions expire after 80 days. The longshore dispute was settled in December, within the 80-day period. The injunction in the steel industry is due to expire in late January, and the union is threatening to renew its strike unless an agreement is reached before that date.

When Congress reconvenes in January, therefore, it may face two kinds of issues. The first concerns the specific dispute. If the steel strike is resumed, the President must report to Congress with any recommendations he cares to make. The second will center on the widespread concern that the present law on emergency disputes needs to be revised because it is not effective.

Objectives of Government Action

Both of these issues pose the same problems of alternative ways to accomplish three general national objectives. These may be stated as follows:

(1) Even in an "emergency dispute," the management and union involved should be provided the maximum possible role in deciding the terms of employment. This looks beyond the termination of the particular controversy. The hope is that the settlement will be the basis on which the parties can function peacefully and effectively in the future, with the avoidance of similar future crises.

(2) Government should have machinery available so that it has at least a reasonable chance of stopping a strike whose continuance threatens the country. The machinery should be effectively used where necessary.

(3) Any governmental measures for settling the strike should be as "neutral" as possible with regard to the bargaining positions of the two parties.

It should first be noted that, even at the level of abstract propositions, there is not full agreement on the third of these propositions. Some believe that the time has come for government intervention to affect the terms of all major collective bargaining settlements, whether a national emergency is threatened or not. They may want the government to protect against inflation or, in the reverse, to assure adequate purchasing power. Others want the government to protect "management's rights" in order to accelerate technological progress or, in the reverse, to assure workers' job security.

Generally, however, those who wish to influence the terms of settlement begin by nominally accepting all three general objectives, but then they urge government action in the specific case in the hope that the result will be not only "peace" but also a victory for the kind of terms they prefer. Thus, some applauded the President's frequent appeal to the steel negotiators to reach a non-inflationary settlement because they hoped it would cause the union to settle for less. The union, on the other hand, claims that the injunction was applied at a time that aided the bargaining position of the steel companies.

The last great debate on the emergency dispute issue occurred in 1945-47 when numerous prolonged and widespread strikes occurred. The "solution" then, the "80-day cooling-off period," now is called into question. The basic problem, then and now, is the apparent conflict, in practice, between the first two of the generally accepted national objectives. Implicit in the private determination of terms of employment through collective bargaining is the right to strike if satisfactory terms cannot be reached. Thus, any degree of government intervention is a reduction in the freedom of collective bargaining. The concern for the preservation of free collective bargaining is not limited to workers and unions. Many managements and others also fear that the substitution of governmental processes for collective bargaining is a threat to the free enterprise system because it will inevitably lead to more general government controls, at least in the affected industries.

Alternative Proposals

Students of the subject have considered many alternative approaches. Congressional debate in 1947 considered several. One or another has been tried either by the federal or by state governments. These can be listed in a range from the least to the greatest substitution of the governmental for the collective bargaining process.

(1) No action. This position would hold that the absence of government interference is more important for the long-run health of the economy than is the damage of the moment, and therefore the government should take no action at all. Many would retain this position only up to some point — and then timing becomes a supplementary problem. Some students have concluded that in only a very few cases was the use of a Taft-Hartley injunction really necessary to "save" the economy.

(2) An injunction prohibiting strikes only for a limited period (80 days in the present act). This appears to be a neutral device used to assure production for a short time without interfering with the bargaining position of either side. As the steel experience demonstrates, however, it may in fact operate to improve the bargaining position of one rather than the other side (of the steel companies, in the current case).

A modification of this position, urged by the Steelworkers union before the Supreme Court, would limit the injunction to those productive operations immediately necessary for the nation's health and security. This proposal would permit a strike to continue in large parts of an industry and minimize the intervention. Such a position, of course, is close to that of the first alternative, for, although it would protect the physical health and military position, it assumes it is better to preserve the maximum of collective bargaining even at the risk of severe damage to the national economy.

(3) Terms of settlement recommended by a government board. Although the recommendations may be ignored, this system is advocated because of the assumption (usually, but not always, supported in practice) that both parties would come under public pressure to abandon previously held positions and accept the recommended terms.

(4) Compulsory arbitration. Here terms are also announced by a governmental board, but the parties are required to accept them. In this case, the parties would

no longer have any choice either on the continuance of the stoppage or on the terms of settlement.

(5) Seizure. In this case the government would control both the operation of the facility and the terms of employment until the parties could arrive at a settlement. The degree of actual intervention would depend on the terms of seizure. The seizure may, in effect, be limited to the requirement that no strike occur, which would be approximately the same as an indefinite injunction. Alternatively, the imposition of interim conditions of employment may be expected to strongly influence the later terms of settlement. It might even be provided that seizure will be lifted only when both sides accept the interim terms. Or sharp interim burdens may be imposed on one or both parties in order to provide an incentive for an early private settlement. Depending on the terms so imposed, the pressure may be directed much more severely on one or the other of the two parties.

The judgment on the relative desirability among these five alternatives, then, depends on which could be expected to lead to an early settlement, which would do most to preserve free collective bargaining, and which would lead to preferred terms of settlement. Differing judgments lead some to urge one of these five alternatives and others some other single alternative, but most students of the problem stress the undesirability of placing too much emphasis on any one single approach. No two "emergency disputes" are alike. Industries differ not only in their impact on the economy, but also in their collective bargaining experience, in the kind of established relationships between the parties, and in the characteristics of the union and management groups involved.

Elements of Flexibility

It would appear desirable to permit the government to use any of the approaches outlined that would seem likely to be effective in the specific case. This would partly result in procedures adapted to the specific circumstances, but there is also a second reason. To induce each party to reach a private settlement there needs to be created in the judgment of each the conviction that its risks are greater if the government intervenes than if it reaches agreement with the other. It is hoped, then, that the uncertainty of the government's choice among available alternatives will prompt private settlement. Under present law, we have noted, choice among alternatives is available to Congress but not to the President.

A second element of necessary flexibility involves the timing of government action. As with other aspects of governmental discretion, judgments will differ on the timing depending on the relative emphasis on protecting the economy or on maximizing the role of the parties in collective bargaining. For instance, should the steel injunction have been further delayed, as the union argues? Or should the government act as rapidly as it did in response to the strike on the waterfront?

There is a third element of flexibility available to the government. It concerns the kind of responsibilities assigned to Congress, the President, and the courts. At present, the initiating action (only on whether or not an injunction is sought) is with the President. The final determination that an emergency exists is with the court. Any alternative action depends on Congress.

This choice among agencies depends in part, as has been implied, on judgments as to which agency will act in the direction more favorable to one or the other party. But it also depends on the likelihood that an alternative will be selected that is most likely to successfully bring the dispute to a conclusion. This latter emphasis leads to general agreement that the expertise of the executive branch makes it the most appropriate agency for applying governmental policies.

A Program With Minimum Government Role

A program could be constructed in order to achieve the following objectives: (1) no direct government intervention except under extreme necessity, (2) the minimum possible government involvement even in such cases, (3) the least possible partisanship as between the two sides, and (4) no effort by the government to regulate the economy by influencing the terms of settlement. Accomplishing such objectives would involve two steps:

(1) Require the parties in each crucial industry to formulate, in advance of any specific bargaining, their own procedures for the resolution of disputes short of a stoppage that would threaten the economy. Particular procedures have already been developed by the parties in the railroad and atomic energy industries. Such specialized arrangements may require legislative as well as private action. For the railroads, governmental processes were also incorporated in the Railway Labor Act of 1926 and its amendments. For atomic energy, government involvement has been a result of administrative action. Equally specialized approaches are needed in steel, coal, ocean shipping, and perhaps a few other industries.

(2) Provide the President with authority to adjust his action to the arrangements in each industry and thus to select from a variety of mechanisms, including all of the five approaches indicated earlier. Also permit him to select his own timing for the application of any measure. There might well be a statement of legislative policy that such action be as neutral as possible on the issues in dispute.

Would this double-barreled approach make it certain that no emergency stoppages would occur? Such complete assurance appears highly unlikely. Since the assumed set of objectives includes as much freedom as possible in collective bargaining, some miscalculations, either of the parties or of the government agencies, are always possible. Thus, for instance, the specialized machinery for the railroads is undergoing another test of its effectiveness. Further experimentation may be necessary. Certainty, however, can only be achieved by a degree of regimentation that most of us would find abhorrent.

At the time of this writing, with the steel dispute unsettled, any prediction on amendment of the law is difficult. It seems clear, however, that the urgency of congressional action will depend on whether or not the immediate crisis is past. For a variety of reasons, including the difficulty of choosing from among the many alternatives put before it, Congress would appear unlikely to act in the coming session unless pressure for action derives from a steel or railroad crisis threatening very drastically to disrupt the economy.

As this analysis suggests, the union and management leaders in the steel case need to take account of possible executive or congressional action as the injunction period draws to a close. Perhaps further government action will not be taken so long as a prompt settlement by the parties themselves seems likely. But if further action appears necessary, the President, even without additional legislative authority, could request the continuation of production pending the submission of recommendations by a board. If Congress also acts, it might be expected to authorize an extension of the injunction while a board made recommendations. Both compulsory arbitration and seizure are possible, though unlikely, alternatives available to Congress.

LOCAL ILLINOIS DEVELOPMENTS

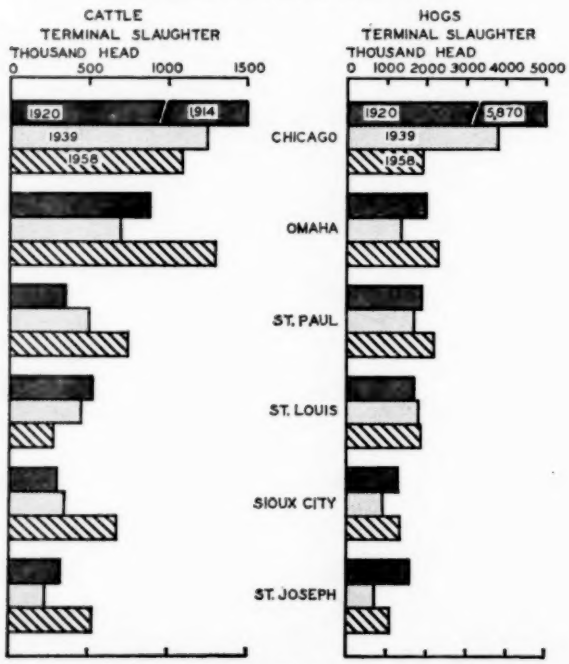
In October most of the available indexes of business activity in Illinois made gains over September. Coal production was up 7 percent, and bank debits rose 6 percent. Department store sales in Chicago, the only seasonally adjusted series, increased 3 percent, and life insurance sales advanced 4 percent. Declines occurred in manufacturing employment and electric power production as a result of the steel strike. Prices of farm products went down in accord with the nationwide movement of these prices. Most of the state indexes were above year-earlier figures, but farm prices, life insurance sales, electric power production, and petroleum output were down.

Changes in State Coal Output

A comparison of Illinois coal mining over the last five years brings out several interesting developments. As a result of the recession, coal production fell in 1957 and again in 1958 from the five-year high in 1956 of 47.8 million tons. In 1958 it was down to 43.8 million tons. However, in each of the years from 1954 to 1958 production of strip mines increased; by 1958 they turned out 20.6 million tons, 47 percent of the total and 26 percent more than in 1954. Output of underground mines was off 5 million tons from the 1956 peak and 2 million tons from the 1954 low. The number of mines operated declined from 206 in 1954 to 179 in 1958, although the number of mines shipping outside the local area held fairly steady except for a temporary increase in 1957. Underground mines, both local and shipping, declined sharply in number over the five-year period, while the number of strip mines increased until 1957.

Improvement in output per employee, particularly as a result of the switch to strip mining, is evident from a comparison of employment and output data. The number of employees in all mines fell from 16,665 in 1954 to 11,386 in 1958; in the latter year output per employee reached a high for the period, despite the continuous reduction since 1955 in average days worked.

CHANGES IN SLAUGHTERING, SELECTED CITIES, 1920, 1939, AND 1958



Source: Federal Reserve Bank of Chicago, *Business Conditions*, November, 1959, p. 7.

Governmental Finances in Illinois

In 1958 the general revenue of the state and local governments of Illinois amounted to $226 per capita, according to the Bureau of the Census report, *Governmental Finances in 1958*. The average for the country as a whole was $238 per capita. For Wyoming and Nevada, the highest states, the figure was about $400. Some $20 of the Illinois revenue per capita came from the federal government; state and local taxes accounted for about $181, roughly half of which came from property taxes, and charges and miscellaneous general revenue brought in about $25 per capita.

Another view of state and local government revenue in Illinois is provided by a comparison with personal income. Governments in the State had $93 in revenue per $1,000 of personal income during 1958, compared with a national average of $116. Delaware, Connecticut, New Jersey, and Pennsylvania were the only states with lower state and local governmental revenues per $1,000 of personal income in 1958.

By borrowing to supplement revenues, governments in Illinois were able to spend $261 per capita in 1958, slightly more than the national average of $259. About $84 per capita was expended on education, of which about $73 went for local schools and $11 for state institutions of higher education. Each of these latter figures is under the corresponding national average and far below the per capita outlays for education in such states as California and Arizona. Highways fare better in Illinois, with per capita expenditures of $62 as against an average for all states of about $49.

Meat Packing in Chicago

The decline of Chicago as a meat-packing center, highlighted by the recent closing down of several slaughtering plants, is traced in an article in the November issue of *Business Conditions*, monthly publication of the Federal Reserve Bank of Chicago. As the accompanying chart shows, Omaha has replaced Chicago as the leading packing center, and the volume of other cities has been growing while that of Chicago has been declining. In 1920 Chicago's terminal slaughter of cattle was roughly twice that of Kansas City, then the second-ranking center but now well down the list. At that time about three times as many hogs were slaughtered in Chicago as in the next largest center, Omaha, but by 1958 the Windy City had fallen behind both Omaha and St. Paul. Chicago clings to its leading position as a cattle market, largely as a result of its growth as a shipping market for top grades of slaughter cattle, but Omaha is now a close second. As a hog market, Chicago had fallen to third place in 1958, behind South St. Paul and East St. Louis, and was barely ahead of Omaha and Indianapolis.

Growing use of trucks for livestock shipments and shifts in population distribution have been important factors in Chicago's decline as a packing center. Trucks have contributed to the decentralization of the industry, and the growth of Western markets has increased the locational advantage of plants west of Chicago. In addition, technological changes in packing have made the older Chicago plants obsolete.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

October, 1959

		Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS		**$39,964**[a]	**1,164,507**[a]	**$555,088**[a]		**$18,129**[a]	**$17,845**[a]
Percentage change from	Sept., 1959	−17.0	−7.8	+10.6	+14	+6.4	+11.8
	Oct., 1958	−2.0	+5.3	+5.9	+7	+2.9	+9.9
NORTHERN ILLINOIS							
Chicago		**$31,559**	**849,132**	**$402,962**		**$16,562**	**$15,720**
Percentage change from	Sept., 1959	−7.3	−6.3	+12.2	+14	+6.7	+12.1
	Oct., 1958	+34.8	+1.4	+5.7	+6	+3.0	+11.2
Aurora		**$1,025**	n.a.	**$ 9,353**		**$ 85**	**$ 150**
Percentage change from	Sept., 1959	+13.8		+10.4	+11	+3.3	+3.8
	Oct., 1958	−6.4		+5.6	+14	+18.0	−1.7
Elgin		**$ 220**	n.a.	**$ 6,271**		**$ 54**	**$ 118**
Percentage change from	Sept., 1959	−60.9		+7.8	n.a.	+8.0	+36.2
	Oct., 1958	−87.4		+4.6		+8.6	+6.8
Joliet		**$ 764**	n.a.	**$10,499**		**$ 97**	**$ 102**
Percentage change from	Sept., 1959	−12.6		+4.6	−3	+8.9	−0.6
	Oct., 1958	−79.8		+4.8	+9	+8.6	−3.3
Kankakee		**$ 165**	n.a.	**$ 5,436**		n.a.	**$ 62**
Percentage change from	Sept., 1959	−37.5		+12.7	n.a.		+5.3
	Oct., 1958	−47.3		+10.7			+16.2
Rock Island-Moline		**$ 948**	**28,650**	**$12,048**		**$ 129**[b]	**$ 155**
Percentage change from	Sept., 1959	−52.0	+6.5	−1.5	n.a.	+11.7	−10.4
	Oct., 1958	−8.9	+15.5	+18.0		+10.2	−7.1
Rockford		**$1,004**	**50,147**[c]	**$18,175**		**$ 217**	**$ 226**
Percentage change from	Sept., 1959	−27.3	−6.0	+9.8	+16[c]	+10.6	+7.9
	Oct., 1958	−17.9	+18.0	+12.4	+4[c]	+14.0	+0.0
CENTRAL ILLINOIS							
Bloomington		**$ 360**	**8,992**	**$ 5,451**		**$ 70**	**$ 106**
Percentage change from	Sept., 1959	−4.0	−7.1	+7.8	n.a.	−12.7	−3.7
	Oct., 1958	−60.0	+5.6	−0.3		−15.2	−1.6
Champaign-Urbana		**$ 604**	**14,147**	**$ 8,209**		**$ 93**	**$ 135**
Percentage change from	Sept., 1959	−8.9	−12.3	+23.7	n.a.	+9.6	+22.4
	Oct., 1958	+0.2	+11.4	−1.6		−0.5	+0.6
Danville		**$ 197**	**14,019**	**$ 6,110**		**$ 56**	**$ 73**
Percentage change from	Sept., 1959	−26.5	−10.1	+5.4	+13	+4.0	+9.3
	Oct., 1958	+22.4	+11.5	+4.7	+8	+5.3	−4.4
Decatur		**$ 657**	**35,704**	**$11,401**		**$ 142**	**$ 130**
Percentage change from	Sept., 1959	+57.6	−11.6	+7.4	+8[c]	+13.1	+12.9
	Oct., 1958	−80.6	+7.1	+4.6	+6[c]	−5.6	+8.1
Galesburg		**$ 314**	**8,872**	**$ 4,684**		n.a.	**$ 48**
Percentage change from	Sept., 1959	−88.6	−18.0	+5.8	n.a.		+10.5
	Oct., 1958	−60.0	−4.7	+1.4			+2.8
Peoria		**$ 522**	**52,332**[c]	**$17,425**		**$ 240**	**$ 318**
Percentage change from	Sept., 1959	−33.1	−23.7	+4.2	+12	−1.7	+23.0
	Oct., 1958	+24.9	+23.6	+7.6	+11	−5.6	+9.4
Quincy		**$ 219**	**11,064**	**$ 4,946**		**$ 54**	**$ 77**
Percentage change from	Sept., 1959	+6.8	−17.8	−2.6	+16	+12.4	+8.4
	Oct., 1958	−61.3	+14.5	+0.0	−9	+1.7	+3.2
Springfield		**$ 983**	**39,467**[c]	**$14,114**		**$ 140**	**$ 253**
Percentage change from	Sept., 1959	−57.2	−10.4	+11.3	+15[c]	−6.0	+4.5
	Oct., 1958	+7.8	+8.0	+11.4	+5[c]	+3.3	−4.9
SOUTHERN ILLINOIS							
East St. Louis		**$ 69**	**16,026**	**$ 8,619**		**$ 144**	**$ 79**
Percentage change from	Sept., 1959	+50.0	−11.1	−3.0	n.a.	+1.9	+11.1
	Oct., 1958	−41.0	+24.3	+1.1		−13.9	+3.6
Alton		**$ 203**	**25,266**	**$ 4,790**		**$ 46**	**$ 40**
Percentage change from	Sept., 1959	+78.1	+1.1	−0.7	n.a.	−4.5	+17.3
	Oct., 1958	+227.4	+83.4	+3.0		+9.5	+9.3
Belleville		**$ 151**	**10,688**	**$ 4,594**		n.a.	**$ 52**
Percentage change from	Sept., 1959	−35.5	−24.3	+7.6	n.a.		+18.0
	Oct., 1958	−40.8	+17.4	+1.7			+6.9

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] U. S. Bureau of Labor Statistics. Data include federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for September, 1959. Comparisons relate to August, 1959, and September, 1958. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting periods ending October 16, 1959, and October 17, 1958.

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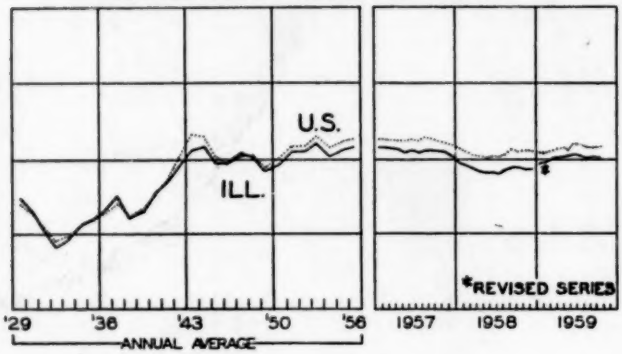
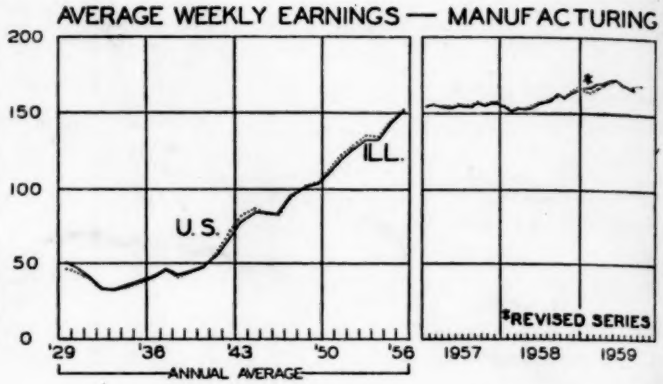
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

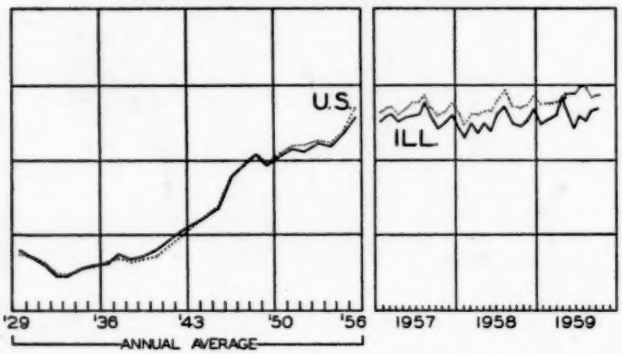
EMPLOYMENT MANUFACTURING



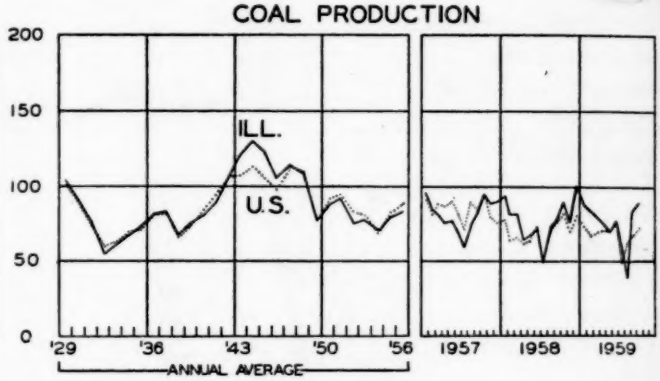
AVERAGE WEEKLY EARNINGS — MANUFACTURING



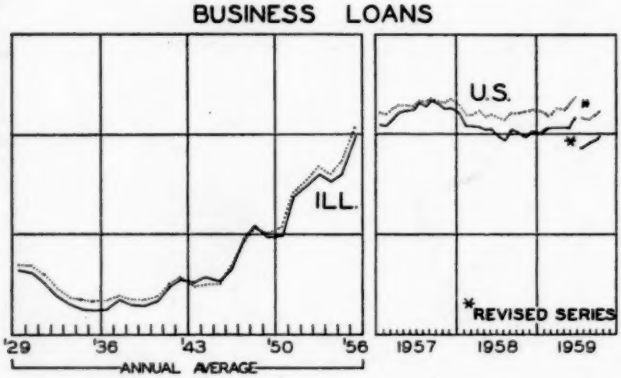
DEPARTMENT STORE SALES



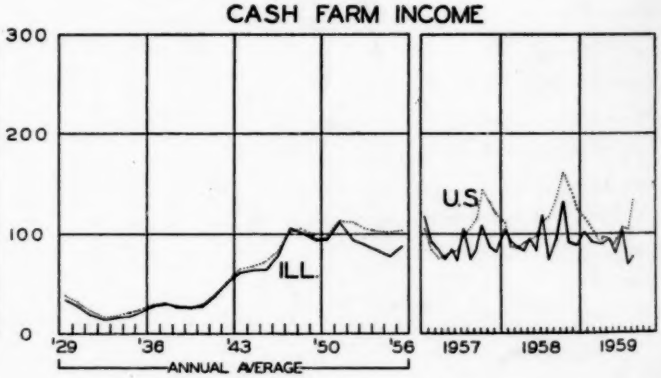
COAL PRODUCTION



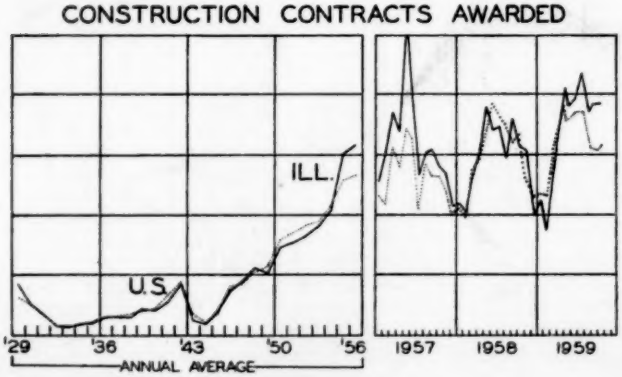
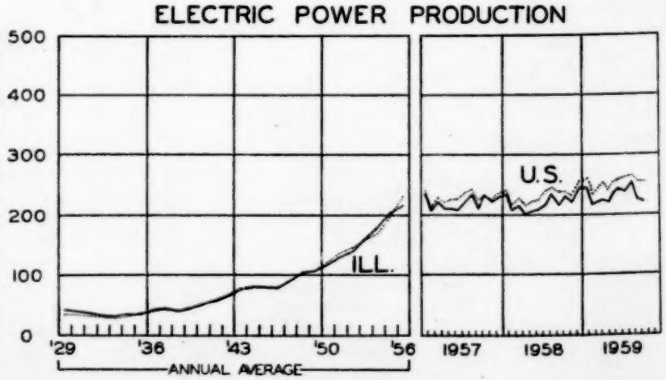
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS AWARDED



ELECTRIC POWER PRODUCTION